



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

October 3, 2006

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: DHS PARTICIPATION IN MEDICARE MODERNIZATION
ACT (MMA) SECTION 1011 PROGRAM

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

On January 19, 2006, I submitted the Department's first status report on our progress to enroll and participate in the MMA Section 1011 program which provides partial federal reimbursement for emergency services to undocumented immigrants. This is the fifth in a series of periodic reports to inform your Board of our participation in this program.

On August 28, 2006 the Department received approximately \$2.42 million in reimbursement for Section 1011 program services provided during the First Quarter FFY 2006. This compares well with the approximately \$2.36 million the Department received for services provided during the Fourth Quarter FFY 2005. To date, the Department has received \$4.78 million in total Section 1011 program reimbursement. Please see the attached Section 1011 billing and reimbursement schedule for more information.

As briefly discussed in previous reports, the CMS fiscal intermediary, TrailBlazer Health Enterprises, LLC (TrailBlazer), failed to timely process the County's application to participate in the program, thereby preventing the Department from billing for the Third Quarter FFY 2005 claiming period. Following review and recommendation by County Counsel to seek redress of this denial, an appeal was prepared and sent to TrailBlazer by our outside counsel, Foley & Lardner, LLP (Foley Lardner), on July 26, 2006.

The Department received a response from TrailBlazer (dated August 31, 2006) that the Department and legal counsel judged to be inadequate. Foley Lardner responded to this letter on September 20, 2006 indicating that TrailBlazer had failed to respond to our three primary issues (1) an acknowledgement of the County's appeal, (2) TrailBlazer's delay in issuing PINs needed to bill for provided services, and (3) information regarding the CMS/TrailBlazer informal appeals process.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.ladhs.org

*To improve health
through leadership,
service and education.*



www.ladhs.org

Each Supervisor
October 3, 2006
Page 2

The Section 1011 program has adopted a compliance review process to ensure that providers are following program guidelines. The Department is currently working with TrailBlazer on a compliance review covering paid claims for the Fourth Quarter FFY 2005. The critical issue in the compliance review is satisfying the CMS/TrailBlazer requirement to determine patient eligibility using indirect measures (not directly asking a patient if he/she is an *undocumented alien*) that are acceptable to TrailBlazer.

Although only about eight-percent of the claims paid for this period have been reviewed or are under review, the nature of TrailBlazer's audit inquiries to date suggest they may be developing a strategy to invalidate all of the Department's claims (and payments) because very few of our patients volunteer that they are undocumented, or have not provided proof that they are undocumented. According to TrailBlazer, such proof could be provided by copies of foreign born birth certification, foreign passport, foreign voting card, expired visa, false social security number, foreign driver's license, matricula consular, or other valid foreign country identification. It has been the Department's experience that very few of our patients present such documentation (we occasionally receive a foreign driver's license but this also is very rare). The Department is prepared to appeal any decision TrailBlazer may make that would invalidate any claims or payments based on this eligibility issue.

The Department is also continuing its work with County Counsel and outside legal counsel to determine the impact of Medi-Cal Redesign on receipt of Section 1011 reimbursement and whether the County can accept Medi-Cal Redesign and MMA Section 1011 payments.

The Department will continue to provide periodic reports to the Board on its participation in the Section 1011 program.

Please let me know if you have questions or require additional information.

BAC:lg

(1\FORD\MMA SECTION 1011\BOARD STATUS REPORTS\FINAL REPORTS\STATUS REPORT NO. 5 (09-27-06)

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

**COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
MMA SECTION 1011 BILLING AND REIMBURSEMENT SUMMARY
THIRD QUARTER FFY 2005 – FIRST QUARTER FFY 2006
(Dates of Service May 10, 2005 through December 30, 2005)**

Federal Fiscal Year (Quarter)	Dates of Service	Total Claims Submitted	Total Gross Charges (Billed)	Billing Deadline	Payment Date	Total Reimbursement¹
Third Quarter FFY 2005	May 10, 2005 to June 30, 2005	Pending	Pending	January 16, 2006	—	Appeal Submitted ²
Fourth Quarter FFY 2005	July 1, 2005 to September 30, 2005	903	\$12,412,965	March 29, 2006	May 29, 2006	\$2,364,836 ³
First Quarter FFY 2006	October 1, 2005 to December 30, 2005	1,417	\$15,225,675	June 29, 2006	August 28, 2006	\$2,416,185 ³
Second Quarter FFY 2006	January 1, 2006 to March 31, 2006	—	—	September 27, 2006	November 27, 2006	—
Total-to-Date			<u>\$27,638,640</u>			<u>\$4,781,021⁴</u>

1. Reimbursement is based on a combined Medicare Cost Report-TrailBlazer methodology that has provided an average reimbursement rate to date of 17.3%

2. An appeal was sent to TrailBlazer, LLP, on July 26, 2006 to allow the County to claim for the Third Quarter FFY 2005 on the grounds that TrailBlazer failed to timely process the County's approved application

3. Paid claims are subject to compliance review which could result in repayment of a claim denied by TrailBlazer as part of its compliance review final determination process

4. If it is determined that provisions of the new State Medi-Cal Redesign precludes claiming for Section 1011 services the Department will make arrangements to return some or all of the Section 1011 funds received